



Maricopa County

Office of Management and Budget

301 West Jefferson Street
Suite 1070
Phoenix, AZ. 85003-2143
Phone: 602-506-7280
Fax: 602-506-3063
www.maricopa.gov

Date: December 10, 2002

To: Budget Liaisons

From: Lee Ann Bohn,
Budget Administrator

Subject: Budget Informational Memo #1: FY 2003-04 Budget Instructions

The FY 2003-04 budget season is now upon us, and it is likely to be a very challenging year. Revenues have not rebounded from the economic recession, and the State budget crisis will undoubtedly affect all governmental entities within the State of Arizona. As a result, we are beginning the budget process earlier than in years past, in order to plan ahead as much as possible.

This memo is designed to provide general instruction for budget preparation. Attached, you will find all required budget submission forms. **Budget targets will be distributed to departments the week of December 9th.** In addition, the Adaytum Budget Preparation System will be released to departments in phases beginning on December 9th. Budget submission deadlines are based on when each department receives Adaytum access; submission deadlines range from January 6th to January 27th. **The Adaytum access date and submission deadline for your department will be indicated on your budget target(s).** You will be contacted by the E-Government group to confirm your Adaytum access.

As directed by the Board of Supervisors/Board of Directors in the *FY 2004 Budgeting for Results Guidelines and Priorities* approved on December 2, 2002, each department and district will essentially develop three base budgets – one at a base level, one with a 5% reduction in expenditures, and one with a 10% reduction in expenditures (note that ONLY grant funds are excluded from developing the 5% and 10% reduction versions). As always, supplemental information will also be required to facilitate OMB's review, as outlined below.

Content of Budget Submission

The FY 2003-04 budget submission will include:

- Entry of updated FY 2002-03 year-end projections for each fund in the "Proj Actual Dept" version of the Adaytum Budget Maintenance System

(note that projections should be completed consistent with the budget promotion deadlines previously distributed);

- Base budget entry for each applicable fund into the “Base Requested”, “Base Requested w/ 5% Reduction” and “Base Requested w/ 10% Reduction” versions in the Adaytum Budget Preparation System; and
- Supplemental documentation, as outlined below.

Departments are strongly encouraged to review the instructions found in the *Budgeting for Results* section of the *Managing for Results Resource Guide*; updated versions of these documents are available on the EBC at <http://ebc.maricopa.gov/budget/Budgeting/default.asp>.

Budget Targets

Your department's budget targets will be distributed during the week of December 9th. As required by Board direction, OMB is preparing 5% and 10% base reduction targets for all non-grant funds. Budget targets will be based on the current Revised budget and have been adjusted for the following:

- Restatements (budgetary transfers between departments and/or funds);
- Changes to employee health/dental premiums and elections (note that anticipated employee premium increases for calendar year 2004 for General Fund and Detention fund departments are not included in targets; funds will be reserved in General Government for these costs, and allocated to departments once true costs are known);
- Increases in retirement contributions (note that these increases for General Fund and Detention fund departments are not included in targets; funds will be reserved in General Government for these costs, and allocated to departments once new rates are finalized);
- Changes to certain internal service fund charges;
- Annualized impact of approved, prior year Results Initiative Request(s); and
- Annualized impact of FY 2002-03 mid-year appropriation adjustments.

You will note that in some cases expenditure targets for non-General Fund appropriations will be adjusted to structurally balance budgets (i.e., to ensure that expenditures do not exceed revenue).

Projections

November actuals have been loaded into the “Proj Actual Dept” version in the Adaytum Budget Maintenance System. As noted above, updated revenue and expenditure projections for FY 2002-03 are required as part of the FY 2003-04 budget submission. Projections should accurately reflect the revenues and expenditures the department anticipates for each fund. Please contact your OMB Analyst should you have questions on estimating or entering projections.

Budget Preparation

The FY 2003-04 base budget will be developed in the “Base Requested”, “Base Requested w/ 5% Reduction” and “Base Requested w/ 10% Reduction” versions of the Adaytum Budget Preparation System. Staffing information has been copied from the FY 2002-03 “Revised Dept” version into the base requested versions for all departments. Adaytum will automatically calculate fixed and variable benefit changes, as well as the increase in budgeted hours (2096 vs. 2088). Liaisons will then build their base budget(s) within the target amounts identified.

It is recommended that you begin with the “Base Requested” version (i.e., your base budget with no reductions). Once you have entered this information and balanced to the target amount, you can use the data in this version to populate the 5% and 10% reduction versions. You can then make adjustments to the reduced versions to balance to the appropriate target.

You will notice two distinct changes in the FY 2004 Budget Preparation System, as compared to last year’s System:

- 1) **Budgets will not be entered by months; they will be entered for the total year.** This should make data entry both faster and easier. Departments will be required to calendarize their budgets by month in the FY 2004 Adaytum Budget Maintenance System.
- 2) **At this time, budgets will be allocated to only one Program/Activity/Service (PAS) code – Non-Program.** This, too, should make data entry faster and easier. Departments will be required to allocate their recommended budget by PAS codes later in the budget season. This will allow time for completion of strategic plan reviews, so that budgets can be allocated to the most up-to-date PAS codes.

Results Initiative Requests

Per Board directive, please be aware that **only those Results Initiative Requests (RIRs) that are funded by the original \$900 million of Jail Excise Tax for phased-in operation of new facilities will be considered.** Affected departments will receive directions on RIR submission in January.

Capital Improvement and Major Maintenance Projects

No new capital improvement projects will be considered at this time, with the exception of projects funded through the Flood Control District and the Department of Transportation. Projects listed in the FY 2002-03 five-year Capital Improvement Program will be reprioritized based on funding and direction from the Board of Supervisors. Should a department have a need for emergency funding, they should submit a request to the Facilities Review Committee. The Flood Control District and Transportation Department must complete the Capital Improvement Program form for each new and existing project and return them to OMB along with their budget submission. The

Facilities Management Department and Capital Facilities Development Department must complete the Capital Improvement Program form for each existing project and return them to OMB along with their budget submission. There will also be separate forms for major maintenance projects. All of these forms will be provided to those Departments under separate cover.

Supplemental Information

Liaisons are asked to complete and submit the following information **for each applicable agency/fund** both electronically and in hard copy by the budget submission deadline indicated on your budget target(s). **Note that departments should complete these forms for the Base version only** (not the 5% Reduction and 10% Reduction versions. Again, departments are strongly encouraged to review the instructions found in the *Budgeting for Results* section of the *Managing for Results Resource Guide* (<http://ebc.maricopa.gov/budget/Budgeting/default.asp>). The guide includes detailed information, which may be useful in completing the following submission forms:

- 1) *Grants Summary Worksheet (object code 615 detail)*: Departments are to use this form to list all grants anticipated for FY 2003-04. This form allows for input of the following data: revenue source (i.e., state, federal, other); grant title; anticipated carryover from FY 2002-03; total anticipated grant amount for FY 2003-04; budget org; match amount and funding source; uncovered indirect cost and funding source; and final column to indicate whether the grant is in support of a mandated program.
- 2) *Intergovernmental Agreement (IGA) Inventory*: Departments are to use this form to list all intergovernmental agreements in which they will participate in FY 2003-04. This form allows for input of the following data: IGA partner(s); description; effective date; expiration date; annual direct cost; annual indirect cost; annual total cost; annual revenue; and the budget org.
- 3) *Other Charges for Services and Fine/Forfeits Revenue Inventory (object codes 635/637 detail)*: Departments are to use this form to list all charges for services and fines/forfeits as currently assessed. This form allows for input of the following data: description; source; FY 2002-03 amount assessed; FY 2002-03 anticipated amount collected; FY 2003-04 amount budgeted; budget org and mandate information.
- 4) *Internal Service Charge Summary (object code 839 detail)*: Departments are to use this form to list all budgeted internal service charges at the budget org and sub-object code level. This form allows for input of data for the following sub-objects: 01-Telecom Discretionary; 03-Base Level Equipment Service Charges; 04-Risk Management; 05-Base Level Telecom; 06-Telecom Wireless

Systems; 07-Reprographics and 08-Motor Pool. (Please note that all applicable County Counsel charges are to be budgeted in object code 880, not object code 839.)

- 5) *Rent and Operating Lease Inventory (object code 820 detail):* Departments are to use this form to list all budgeted rent and operating lease expenditures. This form allows for input of the following data for property leases: description; use of space; lease term; FY 2003-04 cost; FY 2004-05 cost; and FY 2005-06 cost. It also allows for input of the following data for equipment leases: description; quantity; acquisition date; replacement date; FY 2003-04 cost; FY 2004-05 cost; FY 2005-06 cost; and budget org. Please note that this form does not apply to capital lease expenditures—a separate form will be required for capital leases.
- 6) *Capital Lease Inventory (object code 950 detail):* Departments are to use this form to list all budgeted capital lease expenditures. This form allows for input of the following data for capital leases: description; status of lease (new/existing); quantity; acquisition date; lease term; FY 2003-04 cost; FY 2004-05 cost; FY 2005-06 cost; and budget org.
- 7) *Equipment Purchase Inventory (object codes 804/920 detail):* Departments are to use this form to list all planned capital and non-capital purchases for FY 2003-04. This form allows for input of the following data: equipment item; general category of equipment; status of equipment (new/replacement); quantity; cost per unit; total cost; budget org; anticipated purchase date; and the anticipated delivery date.
- 8) *Personal Services Alloc Out/In Summary (object codes 795/796 detail):* Departments are to use this form to provide detail in support of amounts budgeted in object codes 795/796. This form allows for input of the following data: description/purpose; FY 2002-03 budgeted amount; FY 2002-03 year-to-date expenditures; FY 2002-03 year-to-date projected expenditures; FY 2003-04 budgeted amount; budget org; corresponding department; and corresponding fund.
- 9) *Budget Reduction Forms:* Departments are to use this form to provide describe the nature and impact of their budget reductions. Please fill out one for each type of cut proposed. For example, a department may plan to achieve 2% savings through eliminating a service, 2.5% savings through reducing temporary pay, and 0.5% savings through deleting a position. In this case, a form should be completed for each savings initiative, indicating the amount of the savings, the strategic plan implications, and the impact on the community.

Please note that information regarding unemployment and workers compensation rates, internal service charges, central service costs, and County Counsel charges will be sent to departments shortly. Thank you in advance for your cooperation and understanding during this difficult financial time.

Copies: Department Directors; Sandi Wilson; Chris Bradley; Brian Hushek; Lisa Johnson; Don Colvin; Daren Frank; Ernie Prindle; Don Tellis; Shelby Scharbach; Andrew Huhn; OMB Analysts